

**TAX: SALES, CORPORATE, INSURANCE PREMIUM**

Issue: Create s. 290.007(9), F.S.

**BILL NUMBER (S):** HB1595 AND SB1912

**SPONSOR (S):** Representative Jennings and Senator Smith

**MONTH/YEAR COLLECTION IMPACT BEGINS:** JULY 1, 2006

**DATE OF ANALYSIS:** MARCH 16, 2006

**SECTION 1: NARRATIVE**

**a. Current Law:**

Current law does not allow for transfer of accrued credits to other businesses.

**b. Proposed Change:**

Allow eligible businesses to transfer unused credits to other businesses.

**SECTION 2: DESCRIPTION OF DATA & SOURCES**

Report from Agency for Workforce Innovation dated 2004.

Discussions with Mr. Burt Von Hoff, Office of Tourism Trade and Economic Development.

**SECTION 3: ASSUMPTIONS & RATIONALE**

The ratio of wages reported by the 2004 Workforce Innovation report between businesses filing Sales tax and Corporate Tax returns is representative of the ratio under current law and proposed law.

High / Low = + - 10%

Estimated time to implement and begin credits is 4 months.

No significant growth is expected for FY 07-08.

**SECTION 4: METHODOLOGY**

Review reports from prior years; prepare worksheet detailing each impact estimate.

**SECTION 5: Proposed Fiscal Impact**

State Impact - All Funds	FY 2006-07 Annualized	FY 2006-07 Cash	FY 2007-08 Cash
High	(\$5.4m)	(\$3.6m)	(\$5.4m)
Middle	(\$4.9m)	(\$3.3m)	(\$4.9m)
Low	(\$4.4m)	(\$3.0m)	(\$4.4m)

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 17 / 06 )** The conference adopted the middle estimate.

Consensus Estimate	FY 2006-07 Annualized	FY 2006-07 Cash	FY 2007-08 Cash
General Revenue—Sales	(3.9)	(2.7)	(3.9)
Corporate	(.5)	(.3)	(.5)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(4.4)	(3.0)	(4.4)
Revenue Sharing	(.1)	(.1)	(.1)
Local Gov't Half Cent	(.4)	(.3)	(.4)
Local Option	(.4)	(.3)	(.4)
Local Tax Impact	(.9)	(.7)	(.9)
Total Impact	(5.3)	(3.7)	(5.3)

Statewide Credits - 2006 Annual Report.

Jobs Credit - Sales Tax	\$4,729,834	
Corp Jobs Credits *	\$2,080,397	
Property Tax Credits *	\$1,668,168	
Total all zones - Sales and Corporate Participation	\$8,478,399	
Total number of filers		
Sales Tax Filers - Jobs Credits		168
Corporate Filers - Jobs Credits		35
Corporate Filers - Property Tax Credits		31
Total filers 2005	234	

Total Available Credits 2005 (\$8,478,399/63.2%)	\$13,415,188
Credits Claimed for 2005 under existing Law	\$8,478,399
Estimated additional Credits available under HB1595	<b>\$4,936,789</b>

)6AF0007 Worksheet

Statewide Data

		Total Wages	Sales %	Non Sales %	Sales Weighted	Non Sales Weighted
Total All Industries		\$221,240,403,485	63.2%	36.8%		
Goods-Producing	\$36,851,678,908					
Service-Procucing	\$184,388,724,577					
Goods Producing		\$36,851,678,908				
Natural Resources and Mining	\$2,219,604,413		80%	20%	\$1,775,683,530	\$443,920,883
Construction	\$18,111,276,152		70%	30%	\$12,677,893,306	\$5,433,382,846
Manufacturing	\$16,520,798,344		100%	0%	\$16,520,798,344	\$0
Trade, Transportation, and Utilities		\$48,775,875,077				
Wholesale Trade	\$16,304,228,899		75%	25%	\$12,228,171,674	\$4,076,057,225
Retail Trade	\$25,026,505,358		100%	0%	\$25,026,505,358	\$0
Transportation and Warehousing	\$7,372,320,081		80%	20%	\$5,897,856,065	\$1,474,464,016
Information	\$8,524,356,655	\$8,524,356,655	20%	80%	\$1,704,871,331	\$6,819,485,324
Financial Activities		\$24,889,940,534				
Finance and Insurance	\$19,087,523,809		25%	75%	\$4,771,880,952	\$14,315,642,857
Real Estate and Rental and Leasing	\$5,802,416,725		75%	25%	\$4,351,812,544	\$1,450,604,181
Professional and Business Services		\$47,627,376,669				
Professional,Scientific and Tech Ser	\$21,332,321,214		50%	50%	\$10,666,160,607	\$10,666,160,607
Management of Companies and Ent	\$5,005,574,971		50%	50%	\$2,502,787,486	\$2,502,787,486
Advin & Support & Waste mgnt. &	\$21,289,480,485		50%	50%	\$10,644,740,243	\$10,644,740,243
Education and Health Services		\$32,800,754,065				
Educational Services	\$2,839,681,827		30%	70%	\$851,904,548	\$1,987,777,279
Health Care and Social Assistance	\$29,961,072,238		40%	60%	\$11,984,428,895	\$17,976,643,343
Leisure and Hospitality		\$15,684,648,012				
Arts, Entertainment, and Recreation	\$4,719,097,521		100%	0%	\$4,719,097,521	\$0
Accommodation and Food Services	\$10,965,550,490		100%	0%	\$10,965,550,490	\$0
Other Services	\$5,872,747,483	\$5,872,747,483	40%	60%	\$2,349,098,993	\$3,523,648,490
Unclassified	\$213,029,083	\$213,029,083	50%	50%	\$106,514,542	\$106,514,542
		\$442,480,809,971			\$139,745,756,429	\$81,421,829,319